

Abstract

For farmers, particularly crops farmers, 1996 was a very good year, as reflected in farm sector income accounts. Farm sector income accounts for 1996 show that net value added by the agricultural production sector increased 25 percent (\$19 billion) from net value added in 1995. Final agricultural sector output, the value of the sector's output of commodities and services before expenses, rose \$22.5 billion in 1996, powered by a \$16.9-billion jump in the value of crop production. Higher output, generally favorable prices, and a modest 3-percent rise in intermediate consumption outlays boosted net value added. The value of final crop output rose because yields were high under favorable production conditions and prices were exceptionally favorable in the first half of the year and remained strong right through harvest. Final livestock output also contributed, with a gain in production value of over \$4 billion between 1995 and 1996. These are some of the highlights of this report, which provides data and commentary on the income and finances of the farm sector at the national and State level, and estimates of production costs for major field crops, livestock, and dairy.

Keywords: Net value added, net farm income, net cash income, production expenses, cash receipts, government payments, farm assets, farm debt, equity, costs of production, enterprise costs and returns.

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Preface

Farm Business Economics Report, 1996 is the third edition of farm business statistics and economic analysis published in this format. Prior to 1994, these data were found as tables in three separate documents within the *Economic Indicators of the Farm Sector* series: (1) National Financial Summary, (2) State Financial Summary, and (3) Costs of Production--Major Field Crops, & Livestock and Dairy. Part I of this publication covers national- and State-level farm income and financial balance sheet estimates that were previously included in the separate financial summaries. Part II provides the cost of production estimates for major crops and livestock. The purpose of the *Farm Business Economics Report, 1996* is to provide our readers with analyses, graphical presentations, and a comprehensive set of tables to assist them in understanding the economic developments in the farm sector during 1996.

The Economic Research Service now disseminates farm business economics information via the Internet through its website. The Farm Business Economics “Briefing Room” (www.econ.ag.gov/briefing/fbe) is designed to provide Internet users an opportunity to browse an extensive collection of data and analyses addressing the economic conditions in the U.S. farm sector. Users can download the farm income, farm balance sheet, and financial ratio indicators, and costs and returns for major crops and livestock tables printed in this report from our Internet site. In addition, users will find a voluminous historical database extending many of the data series for national and State accounts back many decades and will also find component accounts that are not published. Farm income and cost of production estimates for the previous year are completed and made available on the ERS website in October. Farm balance sheet and financial ratios data become available by late December or early January.

Given our expanding capacity to provide farm business economics information on a timely basis and in convenient formats via the Internet, the Farm Business Economics “Briefing Room” will replace the printed *Farm Business Economics Report* as the means of publishing farm income data and analyses beginning with the 1997 estimates. Since the materials in the Farm Business Economics “Briefing Room” are updated throughout the year, the user will benefit from bookmarking the site and browsing frequently for new and updated items.

Farm Business Economics Report, 1996 will be the last printed version of this report. As in previous years, the first publication of farm sector value-added and income estimates for the last calendar year, at the national level, will continue to be released in the September edition of *Agricultural Income and Finance: Situation and Outlook Report*. The estimates for 1997 were featured in the September 1998 *Agricultural Income and Finance*. The Resource Economics Division’s *Agricultural Resources and Environmental Indicators* publication also will include various aspects of farm business economics in its forthcoming editions.

This publication was prepared jointly by the Farm Structure and Performance Branch's Farm Income Team and Costs of Production Team. The Farm Structure and Performance Branch is a part of the Resource Economics Division, one of three divisions within the Economic Research Service dedicated to providing the public with timely analysis and information on the economics of the agricultural and rural sectors.

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